

THE POWER OF REAL-TIME ANALYTICS ON THE SHELVES: DRIVE SALES THROUGH DATA

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This document will highlight the impact of real-time analytics. We will observe how brands use this technology to empower their back-office with the actionable insights needed to drive operational efficiency, increased sales, and superior customer experiences.



Decisions can no longer be made based on gut-feel or, worse, delayed due to paper-based processes. Top performing brands are 50% more likely than others to use analytics when managing store-level activities.

Despite the growing adoption of digital channels, the retail store maintains its importance. Analytics help brands optimize their store-level activities and point the way to success in today's environment.

The digital retail giant Amazon is no longer confined to the web. Having already ventured into physical storefronts, the retail giant plans to continue to [grow their brick-and-mortar presence](#). This testifies to the fact that brands looking to survive and thrive in today's marketplace must not forget the importance of the retail store.

Companies looking to maximize results by selling more and creating happy customers must seamlessly integrate digital channels, such as the web and social media, with in-store interactions. This approach is often referred to as "unified commerce." As part of these efforts, brands must ensure that their products enjoy the best in-store placement, are promoted effectively, and are stocked to meet shopper demand. For example, Dannon must ensure that its yogurt is placed and promoted effectively across supermarkets. If this doesn't happen, the yogurt doesn't sell and spoils, resulting in lost sales and unnecessary costs. This is true as well for brands selling non-

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perishable products (e.g. Gillette) since poor product placement and an inability to meet buyer demand will likewise result in lost sales.

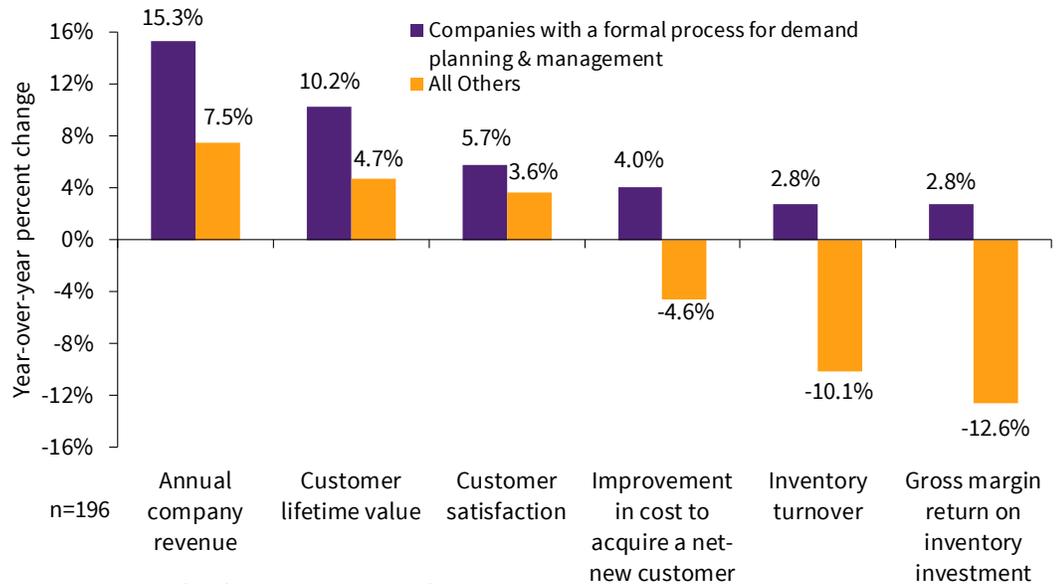
To avoid suffering the aforementioned outcomes, organizations have looked to investments in tools that help provide a clearer view of the retail floor. For example, in the beverage industry, if you are not constantly adjusting product placement displays, providing samples of the latest products, or adjusting prices to compete with the competition and address customer needs, you will get left behind. This is where the use of real-time mobile analytics comes into play.

Through the use of real-time mobile analytics, brands enable their back-office to manage field operations. This is done through providing field workers with mobile devices such as smartphones, tablets, and smart watches. Empowered with these devices, field workers can capture and input data such as stock levels and weekly sales figures at each retail store. These insights are then available to the back-office teams in real time, helping them use analytics to better plan and manage future demand in the retail store. Figure 1 shows how optimizing demand planning and management – a process in which mobile accessible, real-time insights are critical – influences company performance.

91%

In-stock percentage achieved by brands with a formal process for demand planning & management, as compared to only 63% for All Others.

Figure 1: Demand Planning & Management Drives Revenue Growth



Source: Aberdeen Group, September 2016

As seen in the above figure, empowering back-office teams with access to data and insights delivers results beyond peace of mind. Before we delve deeper into the benefits of such capabilities, we must note that access to data alone is not enough to drive the performance results depicted in Figure 1.

Despite being away from the field, employees in the back-office still need actionable insights that provide them with intelligence concerning, for example, the number of products sold during a certain period, sales uplift from specific promotions, and so on. The ability to convert historical and real-time data into actionable insights through mobile analytics paves the way for brands to drive performance gains.

A Closer Look into the Impact of Mobile Analytics

Brands that go beyond mobile data capture and utilize analytics to derive actionable insights achieve important gains across three key categories:

Putting data and analytics at the fingertips of field workers ultimately translates into happy shoppers and better financial results.

→ **Operational efficiency:** Making the wrong decisions can be costly. The ability to make the right choices when managing a company's brand at the store-level is vital in the fast-paced, competitive environment of retail. Organizations with a formal process for demand planning and management have been able to achieve measurable results across key performance indicators such as inventory turnover and gross margin on return on inventory investments. The former is measured by the number of times an inventory is sold during a certain time period whereas the latter is measured by dividing the gross profit generated by sales of a certain product by the cost of the inventory itself.

Being able to predict the "what" and "where" of products is imperative as organizations enable their field teams to work faster and smarter. Combined, these metrics reflect an organization's ability to stock the right quantities of the right products at the right locations while also promoting them effectively. Based on the results reported by companies enabling the back-office with mobile analytics for demand planning and management, we can indicate that use of this technology helps brands optimize operational efficiency.

→ **Customer experience:** Customer trends and fads change quickly. Enabling employees with mobile analytics provides them with deeper and more timely insights into these changes. This, in turn, allows companies to adjust product, placement, and pricing strategies to maximize sales opportunities based on trending demand. Figure 1 shows that companies enabling employees with mobile analytics enjoy 58% greater annual increase in customer satisfaction rates, compared to All Others (5.7% vs. 3.6%). The operational efficiency benefits outlined above also help

Brands using mobile analytics minimize inefficiencies caused by poor access and use of data in the retail store.

these brands reduce the cost of customer acquisition by 4.0% year-over-year. Companies without mobile analytics observe 4.6% worsening (increase) in this metric.

- ➔ **Shareholder value:** The combination of mobility and analytics ultimately helps brands maximize shareholder value. By boosting customer satisfaction and minimizing unnecessary costs, brands enhance their strength in both top-line and bottom-line results. Figure 1 shows that mobile analytics users enjoy a year-over-year increase in annual company revenue twice that of non-users. In an environment where capturing customer wallet share is harder than ever, this is a true testament to the impact of mobile analytics.

Operational efficiency, customer experience, and shareholder value are all tied together. Optimizing them requires that companies focus on execution fueled by real-time data insights. For example, it is important for sporting goods manufacturers to have real-time insight into the latest millennial trend – rock climbing, for example – and get relevant products on the shelves fast enough to meet the uptick in demand. Furthermore, it is important to put the right products next to complimentary products to maximize sales. Not seeing or acting on trends in real-time means missing critical opportunities to drive sales and customer value.

The impact of real-time insights is not limited to increased revenue creation or greater customer value; real-time insights from the back-office are ultimately converted into action in the field. Mobile capabilities and a connection to real-time data from the store floor can ensure the back-office is spending less time guessing at what needs to be done and more time making data-driven decisions to positively impact the business and future sales.

Summary

Retail success is no longer determined by having employees use gut feel to determine what goes on the shelves. Achieving the performance gains highlighted in this document requires that brands empower their back-office with mobile analytics. Without it, you are doomed to react to trends and will be ill-prepared to capitalize on fluctuations in the marketplace.

Authors: Omer Minkara, Research Director, Retail
Aly Pinder Jr., Senior Research Analyst, Service Management



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